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DEFENSE MANAGEMENT

Comprehensive
Strategy and Annual
Reporting Are Needed
to Measure Progress
and Costs of DOD's
Global Posture
Restructuring



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GAO Highlights

Highlights of [GAO-06-852](#), a report to the Subcommittee on Readiness, Committee on Armed Services, House of Representatives

Why GAO Did This Study

The Department of Defense's (DOD) Integrated Global Posture and Basing Strategy calls for a comprehensive restructuring of U.S. forces overseas. DOD's planned changes will require billions of dollars to implement at a time when DOD is supporting operations in Iraq and realigning domestic bases. As requested, GAO examined (1) the extent to which DOD has articulated a global posture strategy that has the characteristics necessary to guide its efforts and to achieve desired results and (2) the challenges that could affect DOD's implementation of its strategy and the mechanisms DOD has in place to inform Congress of its overall progress in achieving global posture goals.

What GAO Recommends

To facilitate DOD's management of global restructuring, GAO recommends that the Secretary of Defense take specific steps to improve the strategy, periodically report to Congress on cost and host-nation negotiation status, and address management and funding issues for new operating locations. In responding to a draft of this report, DOD partially agreed with GAO's recommendations. However, it did not specify any actions it plans to take in response to our recommendations. Because DOD's response was unclear, we have added a matter for congressional consideration suggesting that Congress require DOD to report annually on its strategy and implementation.

www.gao.gov/cgi-bin/getrpt?GAO-06-852.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Janet St. Laurent at (202) 512-4402 or stlaurentj@gao.gov.

DEFENSE MANAGEMENT

Comprehensive Strategy and Annual Reporting Are Needed to Measure Progress and Costs of DOD's Global Posture Restructuring

What GAO Found

DOD has articulated its global posture strategy in four principal documents, but these documents fully address only three of the six characteristics that GAO's prior work has identified as useful components of an effective strategy. Specifically, DOD's strategy documents state the purpose, scope, and methodology for changing its global posture; define the problems its strategy is directed against; and describe how the strategy is to be integrated with related strategies. However, the documents do not fully address other important characteristics such as performance metrics to measure intended improvements in operational effectiveness and service members' quality of life; sources of funding for implementing global restructuring initiatives; or methods of resolving conflicts that may arise during implementation. In the absence of a comprehensive strategy that addresses important characteristics such as performance measures, Congress will lack sufficient information to evaluate funding requests and assess whether the strategy is improving operational capabilities, quality of life, and alliances as intended.

Ongoing negotiations between the United States and host nations, evolving cost estimates, and difficulties establishing service management and funding responsibilities for new overseas sites contribute to the complexity and uncertainty of DOD's overseas restructuring effort. In addition, DOD has not established a comprehensive and routine process to keep Congress informed on its progress dealing with these issues and the overall status of implementing the strategy. First, negotiations between the United States and host nations continue to evolve, causing periodic adjustments to the pace and scope of DOD's plans and making it difficult to determine the overall status of this effort. Second, DOD's initial cost estimate of \$9 billion to \$12 billion will continue to change, reflecting uncertainties such as those related to host-nation negotiations and burden-sharing, and total costs may be understated. Third, DOD has not yet fully determined how it will allocate responsibilities for managing and funding its planned worldwide network of smaller operating sites to the services, and therefore, it is still uncertain who will manage these sites and how they will be paid for. DOD has not established a comprehensive, routine method of informing Congress of ongoing changes to the strategy and its total costs. Reliable and timely information about the full costs, activities, and outputs of federal programs is important as Congress makes decisions about allocating resources in an environment of competing demands. DOD has not established a comprehensive and periodic reporting process because DOD officials believe that current congressional briefings and reporting requirements, which largely focus on military construction requirements, provide Congress with sufficient information. However, these existing reports do not provide comprehensive information on total costs, overall progress, or changes to DOD's plan. Without a periodic reporting process focused on overall progress and costs, Congress may not be well positioned to evaluate funding requests for implementing the strategy.

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Abbreviations

DOD	Department of Defense
IGPBS	Integrated Global Posture and Basing Strategy
OSD	Office of the Secretary of Defense

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September 13, 2006

The Honorable Joel Hefley
Chairman
The Honorable Solomon P. Ortiz
Ranking Minority Member
Subcommittee on Readiness
Committee on Armed Services
House of Representatives

In August 2004, President George W. Bush announced what has been described as the most comprehensive restructuring of U.S. military forces overseas since the end of the Korean War. In his announcement, the president stated that this restructuring is intended to increase U.S. military capabilities and combat power in every part of the world, provide service members with more time at home, reduce the number of moves service members must undergo over a military career, and significantly reduce the number of overseas facilities.

In September 2004, shortly after the president announced this new policy, the Department of Defense (DOD) issued a Report to Congress entitled *Strengthening U.S. Global Defense Posture*. This report outlined DOD's proposed changes, which were aimed at implementing the president's new policy and which DOD called the "Integrated Global Posture and Basing Strategy" (IGPBS). Overall changes involved in this shift in overseas posture would be significant. For example, DOD plans to transfer home to American territory up to 70,000 service members and about 100,000 family members and civilian employees currently living overseas. The 2004 Report to Congress also described DOD's strategy to transform the U.S. posture abroad into a network of worldwide locations of three types: main operating bases, which will be enduring, large sites with permanently stationed service members and their families; forward operating sites, which will be smaller but expandable sites that can support rotational forces; and cooperative security locations, which will be small, rapidly expandable sites with little or no permanent U.S. presence. According to DOD's Report to Congress, many advantages would be gained by using this network of locations. The new U.S. overseas posture is intended to position U.S. forces to better conduct the Global War on Terrorism, ease the burden of the post-9/11 operational tempo on members of the armed forces and their families, and improve the U.S. ability to meet its alliance commitments while making these alliances more affordable and

sustainable. DOD will be making these global posture changes, which will entail significant amounts of funding, at a time when it is also supporting operations in Iraq and implementing other initiatives such as those approved by the Base Realignment and Closure Commission. DOD has reported to Congress that it will cost \$9 billion to \$12 billion to implement the strategy over a period of several years.

In our report on 21st Century challenges facing the federal government, we cite some of the most urgent issues the Department of Defense must address as it seeks to meet the demands of the new security environment.¹ One of the issues cited is whether DOD's plans to restructure its overseas posture provide a significantly improved capability to respond to global threats in the new security environment, considering diplomatic, operational, and cost factors. We have also issued reports on DOD's plans to build new facilities overseas, as reported to Congress in master plans for overseas infrastructure.² These reports have discussed the degree to which the information provided by DOD to Congress on the military construction costs at overseas locations was complete and reliable, and we have made recommendations for improvement.

You requested that we assess DOD's efforts to realign its military posture overseas. Specifically, we examined the following questions: (1) To what extent has DOD articulated a global posture strategy that addresses the characteristics necessary to guide its efforts and achieve desired results? (2) What key challenges, if any, could affect DOD's implementation of its strategy, and does DOD have mechanisms in place to inform Congress of its mitigation plans and overall progress in achieving IGPBS goals?

To determine the extent to which DOD's IGPBS contains all the desirable characteristics of an effective national strategy, we evaluated the content of each of the four principal global posture strategy documents identified by DOD officials using six desirable characteristics of effective national

¹ GAO, *21st Century Challenges: Reexamining the Base of the Federal Government*, GAO-05-325SP (Washington, D.C.: February 2005).

² GAO, *Opportunities Exist to Improve Future Comprehensive Master Plans for Changing U.S. Defense Infrastructure Overseas*, GAO-05-680R (Washington, D.C.: June 27, 2005).

strategies we have developed in prior work.³ In this prior work, we identified a set of desirable characteristics by reviewing several sources of information, such as the Government Performance and Results Act of 1993 and guidance from the Office of Management and Budget on the President's Management Agenda. We also researched recommendations from various research organizations that have commented on national strategies, such as the RAND Corporation and the Brookings Institution. To identify key challenges that could affect DOD's implementation of its strategy, we examined global posture strategy plans, programs, cost estimates, and other documentation obtained from the geographic combatant commands, service headquarters, the Office of the Secretary of Defense, and State Department Headquarters. To identify the mechanisms DOD has in place to inform Congress of its efforts to overcome these challenges and report on overall progress in achieving the strategy's goals, we reviewed congressional testimony, briefings prepared for congressional Members and other organizations, and reports produced as a result of legislative requirements. We assessed the reliability of the data used in this report and determined that it was sufficiently reliable for our purposes. Appendix I provides additional information on the six characteristics of effective national strategies. Appendix II provides additional information on our scope and methodology. We conducted our review from November 2004 through January 2006 in accordance with generally accepted government auditing standards.

This report is an unclassified version of a classified report dated May 2006.⁴ That report provides additional details on the proposed changes to the U.S. military posture overseas and specific examples that highlight the challenges faced by DOD in implementing its strategy.

³ GAO, *Combating Terrorism: Evaluation of Selected Characteristics in National Strategies Related to Terrorism*, GAO-04-408T (Washington, D.C.: Feb. 3, 2004). In this testimony, we identified the six characteristics of an effective national strategy as the following: (1) purpose, scope, and methodology; (2) problem definition and risk assessment; (3) goals, objectives, activities, and performance measures; (4) resources, investments, and risk management; (5) roles, responsibilities, and coordination; and (6) integration.

⁴ GAO, *Defense Management: Comprehensive Strategy and Periodic Reporting Are Needed to Gauge Progress and Costs of DOD's Global Posture Restructuring*, GAO-06-486C (Washington, D.C.: May 26, 2006).

Results in Brief

The Department of Defense has articulated its strategy to restructure the U.S. military overseas posture in four principal documents, but the characteristics of effective national strategies have not been fully addressed in these documents, which may limit the department's efforts to implement the strategy and achieve desired results. In prior work, we identified six characteristics of an effective national strategy that can assist organizations to develop and implement strategies, to enhance their usefulness in resource and policy decisions, and to better assure accountability. DOD's four principal strategy documents for restructuring overseas presence address three important characteristics of effective national strategies: the overall purpose and scope of changing the global military posture, the problems the strategy is intended to address, and the way the strategy is to be integrated with other related strategies. However, the following three other important characteristics have been only partially addressed by the documents:

- Establishing goals, subordinate objectives and activities, and performance measures—DOD has not established ways to measure the extent to which intended improvements in operational effectiveness or quality of life are occurring.
- Identifying resources, investments, and methods of managing risk—DOD has not identified sources of funding (for example, specific appropriations or military services) for the network of smaller operating locations it plans to establish.
- Defining organizational roles, responsibilities, and coordinating mechanisms—DOD has not identified a process for resolving conflicting priorities either within DOD or between DOD and other government organizations, such as the State Department.

Without clearly and fully identifying these elements, the Secretary of Defense and other stakeholders may be limited in their ability to demonstrate progress toward achieving DOD's identified goals, such as improving worldwide response times and quality of life for service members. Moreover, Congress will lack assurance that funds allocated to implement the strategy will produce the benefits DOD intends.

Three significant challenges exist that contribute to the complexity and uncertainty of the overseas basing restructuring effort. DOD is taking some steps to address these challenges; however, many actions are incomplete, and the department has not established a comprehensive, routine method of informing Congress on its progress toward addressing these issues or its progress toward implementing the strategy. Up-to-date and reliable information on issues such as these is important to Congress

and the Secretary of Defense in helping to shape decisions about funding policies and defense-related programs. The three challenges we identified that limit DOD's ability to implement its IGPBS strategy are the following:

- DOD faces a challenge in determining how to adjust its global basing strategy as negotiations with host nations evolve.
- DOD faces a challenge in accurately estimating the costs of implementing the strategy as its plan matures and changes.
- DOD is encountering difficulties in establishing management and funding responsibilities as it develops its worldwide network of smaller operating sites.

These issues will continue to make the restructuring of overseas military posture a dynamic process and contribute to the uncertainty of the costs and overall progress of the department's efforts. DOD has not yet established a comprehensive and routine method of keeping Congress informed of its progress. Reliable and timely information about the full cost, activities, and outputs of defense-related programs is important to Congress in making decisions about allocating resources, authorizing and modifying programs, and evaluating program performance. Although DOD has provided a September 2004 Report to Congress on the strategy and has periodically testified and briefed various Members of Congress and their staffs, DOD has not established a mechanism for providing comprehensive and routine reporting of the overall program status and costs. As a result, Congress may not be fully informed of DOD's progress and challenges in implementing the strategy or have a complete understanding of the potential financial obligations on the horizon.

To facilitate DOD's management of its global basing strategy and to establish a routine method of keeping Congress informed of progress in achieving its goals, we are recommending that the Secretary of Defense fully address the six characteristics of an effective national strategy, develop a periodic reporting process that summarizes important information such as up-to-date costs to increase the transparency of this process, and address management and funding issues for new operating locations.

In written comments on a draft of this report, DOD partially agreed with our recommendations. However, DOD's response to our recommendations was unclear in that the department did not cite any specific actions it planned to take to implement the recommendations. Specifically, the department did not acknowledge the need to update its strategy document or to provide Congress with routine updates on host-nation negotiations

and cost. Also, while DOD emphasized that improving the management and funding of new operating locations should be synchronized with other DOD initiatives, it did not indicate how it planned to synchronize these efforts. As we state in our report, we continue to believe that the department needs to identify specific actions it will take to ensure that our recommendations are implemented. Because DOD's response to our recommendations does not clearly indicate how it plans to provide comprehensive and routine information to Congress, we have included a matter for congressional consideration to suggest that Congress may wish to consider requiring that DOD report annually on its global posture strategy, costs, and implementation plans.

Background

In September 2001, DOD issued a *Quadrennial Defense Review Report*, which addresses, among other issues, the need to reorient the U.S. military global posture. The report called for developing a permanent basing system that provides greater flexibility for U.S. forces in critical areas of the world as well as providing temporary access to facilities in foreign countries that enable U.S. forces to train and operate in the absence of permanent ranges and bases.

In April 2002, the Office of the Secretary of Defense (OSD) began an initiative to explore the issue of U.S. global posture and presence in more detail.⁵ OSD developed a broad set of ideas and assumptions about the strategic environment facing the United States in the 21st Century, the most critical of which was the uncertainty facing the United States and its allies in the post-Cold War world. In May 2003, an integration team was formed to help guide the IGPBS process. This team was led by OSD Policy and included officials from the Joint Staff; the Office of the Director of Program Analysis and Evaluation; and the Office of the Deputy Under Secretary of Defense for Acquisition, Technology, and Logistics. This group held working-level and senior-level meetings that helped steer the early analysis and all the decision briefings for the Senior Level Review Group and the Senior Planning Committee.⁶ In mid-2003, four geographic

⁵ The Office of the Principal Deputy Undersecretary of Defense for Policy is the DOD lead for IGPBS.

⁶ The Senior Leader Review Group is composed of the Secretary of Defense, the Deputy Secretary of Defense, the Under Secretaries of Defense, the Chairman of the Joint Chiefs of Staff, the service Secretaries, and a select few Assistant Secretaries of Defense. The Senior Planning Committee is composed of the Senior Leader Review Group plus the combatant commanders. In December 2003 and January 2004, these two groups had six meetings during which IGPBS was discussed.

combatant commands—the U.S. European, Pacific, Southern, and Central Commands⁷—started presenting their proposals, which were reviewed by the OSD-led integration team. The team evaluated the proposals against four risk categories.⁸

In the September 2004 Report to Congress, DOD stated that the United States had held Ambassadorial-level consultations with over 30 countries on five continents.⁹ According to DOD, allies stated that they understood and shared the U.S. general perception of the need to update its force posture globally to meet 21st Century challenges. DOD officials also stated that allies expressed their appreciation for the opportunity to suggest adjustments to U.S. proposals.

In August 2004, the president announced the proposed restructuring of the U.S. military posture overseas. As previously discussed, in September 2004, DOD issued a Report to Congress – *Strengthening U.S. Global Defense Posture*, which listed the specific locations for 87 proposed “changes and continuities” in positioning U.S. forces worldwide by U.S. combatant command and by country. Figure 1 provides a map of the areas of responsibility for the geographic combatant commands.

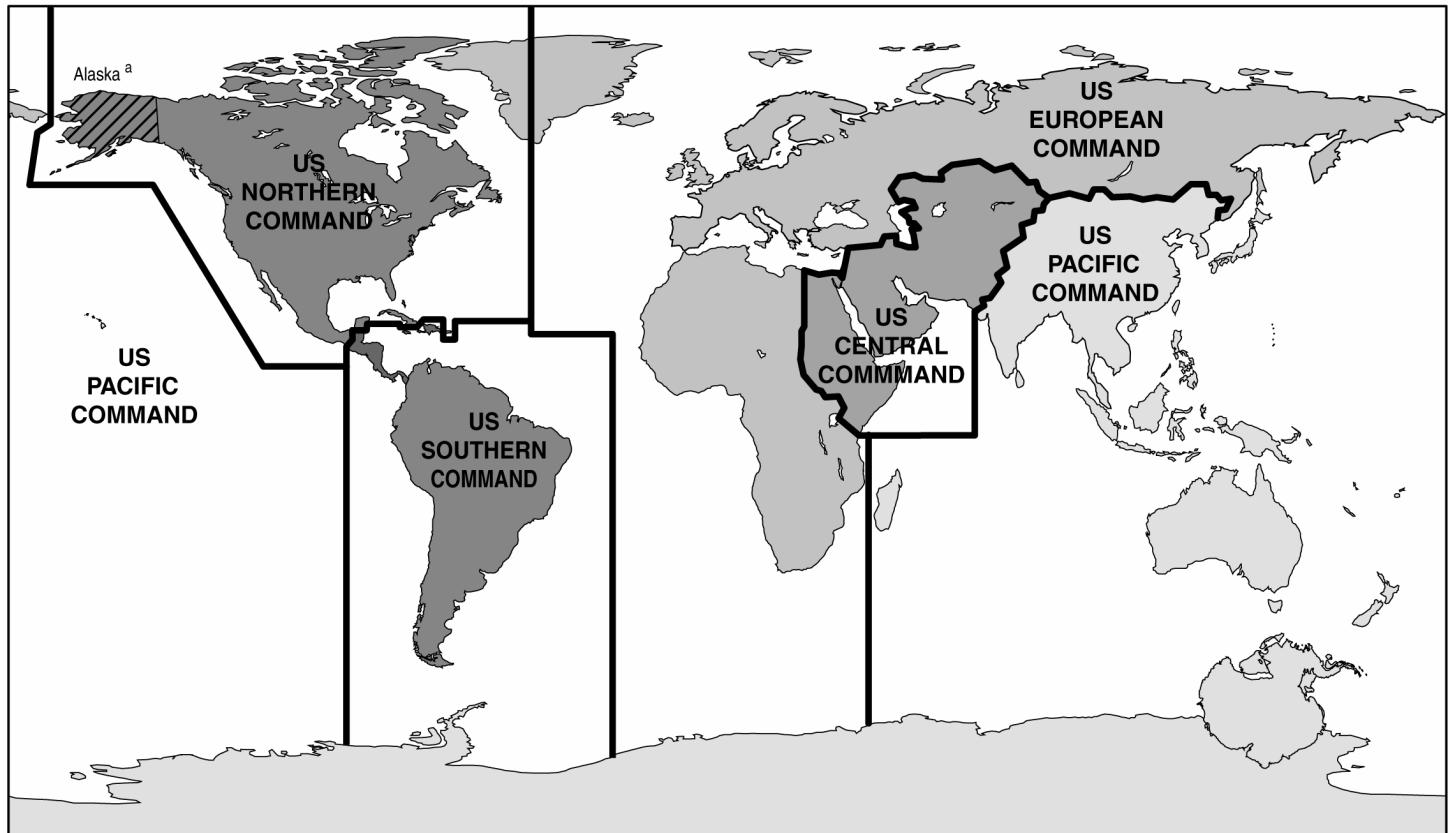
⁷ The five geographic commands—U.S. Central Command, U.S. European Command, U.S. Northern Command, U.S. Pacific Command, and U.S. Southern Command—are responsible for all U.S. military operations within their geographic areas of responsibility.

⁸ The four risk categories were “political-military risk,” “force structure risk,” “operational risk,” and “cost risk.”

⁹ In technical comments on a draft of this report, DOD stated that the United States visited “over 20 countries.”

Figure 1: Geographic Combatant Commands' Areas of Responsibility and Areas Affected by the Global Posture Strategy

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Source: National Geospatial-Intelligence Agency.

UNCLASSIFIED

^aThe state of Alaska is assigned to the U.S. Northern Command's area of responsibility. Forces based in Alaska, however, remain assigned to the U.S. Pacific Command.

DOD Has Included Some but Not All Important Characteristics of an Effective Strategy in Its Global Basing Strategy Documents

DOD has articulated its global posture strategy in four key documents but has not addressed all of the characteristics of effective national strategies, which may limit its ability to guide implementation efforts and achieve desired results. In prior work, we identified six characteristics of an effective national strategy that can aid organizations to develop and implement their strategies, to enhance their usefulness in resource and policy making, and to better assure accountability.¹⁰ DOD has generally addressed three of these characteristics, for example, the overall purpose and scope of this effort, but the documents only partially address three other characteristics. Specifically, DOD does not (1) establish performance measures such as ways to measure the extent to which intended improvements in operational effectiveness or quality of life are occurring, (2) identify sources of funding for the network of smaller operating locations it plans to establish, or (3) identify a process for resolving conflicting priorities either within DOD or between DOD and other government organizations. In addition, the dispersion of the strategy in a collection of documents and briefings limits its overall clarity. Without clearly and effectively addressing the desirable characteristics that would shape the policies, programs, priorities, and resource allocations in a single document, DOD and other stakeholders may be limited in their ability to implement the strategies and to demonstrate progress in achieving the identified goals.

Global Posture Strategy Articulated in Four Principal Documents

Officials in the Office of the Principal Deputy Under Secretary of Defense for Strategy (OSD/Strategy) identified four documents that they believe are key to describing the global defense posture strategy: (1) the *Quadrennial Defense Review* (September 2001) and its *Terms of Reference* (June 2001); (2) the *National Security Strategy of the United States* (September 2002); (3) *Strengthening U.S. Global Posture*, Report to Congress (September 2004); and (4) the National Defense Strategy of the United States of America (March 2005). Table 1 describes these four documents and how they relate to the U.S. global defense posture.

¹⁰ GAO-04-408T.

Table 1: Principal U.S. Global Defense Posture Strategy Documents Identified by DOD

Strategy document	Description of strategy
September 2001 <i>Quadrennial Defense Review</i> and its June 2001 <i>Terms of Reference</i> Issued by the Secretary of Defense	The <i>Quadrennial Defense Review</i> and its <i>Terms of Reference</i> provide a broad framework for guiding the development of U.S. forces and capabilities. The <i>Quadrennial Defense Review</i> also describes DOD's current security environment, defense strategy, changes in force planning, transformation of operations and capabilities, and a risk management framework. The <i>Quadrennial Defense Review</i> also devotes one section to reorienting the U.S. global defense posture to focus on new challenges the military will face, new ways to deter conflict, plans to place forces in forward areas to respond to threats, goals to reorient global defense posture, and general activities that each of the military services should take to address those goals.
September 2002 <i>National Security Strategy of the United States</i> Issued by the President	The <i>National Security Strategy</i> provides a broad framework for strengthening U.S. security in the future. It identifies the national security goals of the United States, describes the foreign policy and military capabilities necessary to achieve those goals, evaluates the current status of these capabilities, and explains how national power will be structured to utilize these capabilities. The strategy highlights the need but does not provide specific guidance on how to reorient DOD's global defense posture.
September 2004 Strengthening U.S. Global Posture -Report to Congress Issued by the Under Secretary of Defense for Policy	The Report to Congress on <i>Strengthening U.S. Global Posture</i> identifies the reasons for the restructuring and defines the key elements of global posture as relationships, activities, facilities, legal arrangements, and global sourcing and surge. It also describes the key objectives for changing the U.S. global defense posture, provides a region-by-region synopsis of those changes, and highlights diplomatic relationships and interactions with Congress. Further, it provides a rough order of magnitude cost estimate and describes how the restructuring is integrated with DOD's Base Realignment and Closure process.
March 2005 <i>National Defense Strategy of the United States of America</i> Issued by the Secretary of Defense	The <i>National Defense Strategy</i> provides a general planning framework for DOD to address current and future defense challenges. The strategy describes U.S. defense strategic objectives, actions to accomplish these objectives, and implementation guidance for strategic planning and decision making. It devotes one section to the key aspects of reorienting the U.S. global defense posture, which were outlined in the 2004 Report to Congress.

Source: GAO.

In addition to these four principal documents, OSD officials stated that congressional testimonies and briefings, the military service implementation plans, budget documents, senior-level review board meetings, and the overseas master plans provide additional details on DOD's strategy and plans.

GAO-Identified Characteristics of an Effective National Strategy

In our February 2004 testimony related to combating terrorism, we identified six desirable characteristics of effective national strategies.¹¹ In our testimony, we reported that there are no legislative or executive mandates identifying a single, consistent set of characteristics for all national strategies. Given that there is no such mandate, we identified a set of desirable characteristics by reviewing several sources of information. For example, we consulted the Government Performance and Results Act of 1993, general literature on strategic planning and performance, and guidance from the Office of Management and Budget on the President's Management Agenda. In addition, we studied our past reports and testimonies for findings and recommendations pertaining to desirable elements of a national strategy. Similarly, we researched recommendations from various research organizations that have commented on national strategies, such as the ANSER Institute on Homeland Security, the RAND Corporation, and the Brookings Institution. Table 2 provides a summary of the six characteristics we identified.

¹¹ GAO-04-408T.

Table 2: Summary of Desirable Characteristics of an Effective National Strategy

Desirable Characteristic	Description
Purpose, scope, and methodology	Addresses why the strategy was produced, the scope of its coverage, and the process by which it was developed.
Problem definition and risk assessment	Discusses the particular national problems and threats the strategy is intended to address.
Goals, subordinate objectives, activities, and performance measures	Addresses what the national strategy strives to achieve and the steps needed to garner those results, as well as the priorities, milestones, and performance measures to gauge results.
Resources, investments, and risk management	Addresses what the strategy will cost, the sources and types of resources and investments needed, and where those resources and investments should be targeted.
Organizational roles, responsibilities, and coordination	Addresses what organizations will implement the strategy, their roles and responsibilities, mechanisms for coordinating their efforts, and a process for resolving conflicts.
Integration	Addresses how a national strategy relates to other strategic goals, objectives, and activities.

Source: GAO.

Notes: See [GAO-04-408T](#). Our prior work identified the sixth characteristic as “implementation.” For the purposes of this report, we decided not to evaluate the extent to which the four principal strategy documents addressed “implementation” because our second reporting objective addresses challenges associated with implementation in more detail.

In our prior testimony, we stated that a clearly defined set of desirable characteristics would aid responsible parties in further developing and implementing their strategies, in enhancing their usefulness in resource and policy decisions, and in better assuring accountability. Although the authors of national strategies might organize these characteristics in a variety of ways and use different terms, we present them in this order because we believe that they flow logically from conception to implementation. Specifically, the strategy’s purpose leads to specific actions for tackling those problems and risks, allocating and managing the appropriate resources, identifying different organizations’ roles and responsibilities, and integrating actions taken by all relevant parties implementing the strategy. See appendix I for additional details on these

characteristics, and see appendix II for our scope and methodology in developing them.

DOD Has Not Fully Developed Some Important Strategy Characteristics

In the four principal global posture strategy documents discussed above, DOD generally addresses three of the desirable characteristics to guide the overseas posture initiatives. Specifically, DOD addresses the overall purpose and scope for changing its global posture, the problems and threats its strategy is directed against, and how the strategy will be integrated with those of other governmental organizations. However, the four principal strategy documents only partially address aspects of three other important characteristics of an effective national strategy, including (1) milestones and outcome-related performance measures, such as tools to gauge the extent to which intended improvements in operational effectiveness or quality of life are occurring; (2) sources of funding and types of resources; and (3) a description of how conflicts will be resolved. According to our methodology, a strategy “addresses” a characteristic when it explicitly cites all elements of a characteristic, even if it lacks specificity and details and thus could be improved upon. A strategy “partially addresses” a characteristic when it explicitly cites some but not all elements of a characteristic. Within our designation of “partially addresses,” there is a wide variation between a strategy that addresses most of the elements of a characteristic and a strategy that addresses few of the elements of a characteristic. A strategy “does not address” a characteristic when it does not explicitly cite or discuss any elements of a characteristic, and/or any implicit references are either too vague or too general.¹² Table 3 summarizes the extent to which the principal global posture strategy documents collectively address, partially address, or do not address the six characteristics.

¹² See app. II for more details on our methodology.

Table 3: Extent to Which the Four Principal Global Posture Strategy Documents Collectively Address GAO-Identified Characteristics of an Effective National Strategy

Desirable characteristic	Extent to which characteristic is addressed	Description
Purpose, scope, and methodology	Addressed	The stated purpose of the strategy is to reorient the current global defense posture to meet the threats of the new strategic environment. Key terms were defined, such as global posture, main operating bases, forward operating sites, and cooperative security locations. The key elements that guided the development of the strategy include strengths, vulnerabilities, opportunities, and challenges that DOD faces in the 21st Century.
Problem definition and risk assessment	Addressed	The strategy is intended to address a combination of changes in U.S. forces' operating patterns, advances in military capabilities, and an increasingly uncertain global security environment, in particular the threat of terrorism. Risks were discussed as traditional, irregular, catastrophic, and disruptive.
Goals, subordinate objectives, activities, and performance measures	Partially addressed	The overall goal articulated by the strategy is to strengthen U.S. global defense posture while providing U.S. service members and their family members with more predictability and stability. Subordinate objectives include expanding allied roles and building new security partnerships, developing rapidly deployable capabilities, and positively affecting service members and their families. The activities are identified by a list of specific initiatives DOD intends to implement. The strategy does not address, however, milestones and outcome-related performance measures (such as metrics to demonstrate improvements in operational response times or in quality of life for service members) that would identify progress in achieving the stated goals and objectives.
Resources, investments, and risk management	Partially addressed	The cost to implement the strategy was estimated at \$9 billion to \$12 billion, but there were no detailed estimates, such as costs for each global posture initiative or costs incurred by the military services, to support that estimate. The strategy does not address sources of funding, types of resources, or a mechanism to prioritize and allocate resources. Further, there is no discussion of the timing of how the initiatives will be funded over the next decade. (We discuss the uncertainty and understatement of the reported estimate in more detail later in the report.)
Organizational roles, responsibilities, and coordination	Partially addressed	In the strategy, DOD is assigned the lead role and responsibility for strategy implementation and accountability. The military services were assigned lead and supporting roles and responsibilities to implement specific initiatives. DOD coordinates the implementation of the strategy with the Department of State. However, the strategy does not describe a process for how conflicts will be resolved within and outside of DOD. (For example, the documents do not describe a process that would resolve interagency conflicts.)
Integration	Addressed	According to the strategy, the global posture strategy helped inform DOD's 2004 Base Realignment and Closure process.

Source: GAO analysis.

The following is a more detailed discussion of the characteristics that are partially addressed in the key documents we examined.

Goals, Subordinate Objectives, Activities, and Performance Measures

The global posture strategy addresses its goals, subordinate objectives, and activities, but performance measures are not developed. Specifically, the overall end-state of the global defense strategy is to strengthen DOD's global defense posture while providing U.S. service members and their families with more predictability and stability over the course of a military career. The overarching defense policy goals are to assure allies and friends; dissuade future military competition; deter threats and coercion against U.S. interests; and decisively defeat any adversary if deterrence fails. Subordinate objectives related to global posture include (1) expanding allied roles and building new security partnerships; (2) creating greater flexibility to contend with uncertainty by emphasizing agility and by not overly concentrating military forces in a few locations; (3) focusing within and across regions by complementing regional military presence with the capability to respond quickly to a location across the world; and (4) developing rapidly deployable capabilities by planning and operating from the premise that forces will not likely fight where they are stationed. The Report to Congress – *Strengthening U.S. Global Defense Posture* provides a general description of activities within each geographic region as well as a detailed list of specific IGPBS initiatives, many of which require discussions and negotiations with host nations.

The principal strategy documents did not address milestones and outcome-related performance measures. For example, the 2004 Report to Congress highlighted the positive effect on service members and their dependents as a key strategy goal but did not identify related performance measures to gauge how the quality-of-life goal would be achieved. Also, the global posture strategy identified the development of rapidly deployable capabilities and the improvement of operational flexibility as subordinate objectives but did not identify related performance measures. Furthermore, officials at the Pacific Command, the European Command, the Central Command, the Southern Command, the Special Operations Command, and the military service headquarters told us that they had not conducted detailed analysis, including performance metrics, to support

Resources, Investments, and Risk Management

how quality of life or operational capabilities would be improved by implementing the global posture strategy.¹³

The 2004 Report to Congress estimated rough order of magnitude costs to implement the strategy at \$9 billion to \$12 billion over the 2006-2011 future years defense program. (We discuss the uncertainty and understatement of the reported estimate in more detail later in this report.) However, the 2004 Report did not provide any details beyond this overall estimate, such as costs for each global posture initiative or costs incurred by the military services, to support the reported estimate. Further, the principal strategy documents did not identify sources of funding, such as military service or combatant command funds; types of resources, such as military construction or operations and maintenance funds; or a mechanism to allocate resources. OSD officials told us that information related to the sources of funding and types of resources and investments is contained in the regional combatant commands' overseas master plans and does not need to be included in the principal strategy documents because it would be duplicative. However, in prior work, we reported that overseas master plans do not provide a definitive picture of future U.S. funding requirements, particularly for future locations.¹⁴ In addition, there is no discussion in the principal strategy documents of when the initiatives will be funded over the next decade. OSD officials told us that DOD had programmed about \$3.9 billion to implement the global posture strategy in the 2006-2011 future years defense program and that the services will program additional funds in the fiscal year 2008 budget submission as initiatives move toward implementation. Regarding risk management, the 2001 *Quadrennial Defense Review's Terms of Reference* generally identified overall defense priorities for investment in areas such as people, intelligence, precision strike, rapidly deployable maneuver forces, and infrastructure and logistics. However, these priorities are not sufficient to determine how DOD will manage the cost risk associated with implementing the global restructuring, such as the potential for cost estimates to change and for unexpected costs to be incurred without

¹³ According to an OSD official, OSD compared the current global defense posture with the future desired global defense posture to determine the effect of these planned changes on response times. The OSD analysis indicated that response times for the larger-sized forces would not be substantially improved. Improvements could be expected, however, in response times for the deployment of smaller, more mobile forces, such as special operations forces. This information was not contained in the strategy documents.

¹⁴ Specifically, the master plans only provide information on U.S. funding sources for military construction costs.

Organizational Roles, Responsibilities, and Coordination

sufficient time to budget for them and to make appropriate tradeoffs with other competing DOD demands.

The global posture strategy addresses which organizations will implement the strategy, their roles and responsibilities, and a mechanism for parties to coordinate their efforts. For example, the 2001 *Quadrennial Defense Review* assigned lead responsibilities to each of the services to plan and implement specific global posture initiatives. Regarding coordination, the 2004 Report to Congress identifies a process for coordinating DOD's global posture strategy with the 2005 Base Realignment and Closure Commission's relocation of service members and dependents from overseas locations to the United States. The 2004 Report to Congress also describes coordination with the State Department regarding consultations with host nations. For example, in the 2004 Report, DOD states that it had consulted closely with the Department of State, especially with regard to the diplomatic arrangements needed to secure the desired changes in foreign countries.

The global posture strategy does not address, however, a process for how conflicts will be resolved either within DOD or between DOD and other government organizations. While the Secretary of Defense can resolve conflicting priorities within the Department of Defense, the four documents do not describe how interagency conflicts will be resolved if they arise during the strategy's implementation.

DOD officials agreed that the six characteristics of an effective national strategy were not fully addressed in the four documents we reviewed but pointed out that there are other documents, such as the March 2004 *Strategic Planning Guidance*, the June 2004 *Joint Programming Guidance*, and the overseas master plans, that contain additional information on some of the identified characteristics. We reviewed these supporting documents and others, such as combatant command proposals, and found that they individually or collectively did not fully address the desired characteristics. For example, none of these additional documents provided outcome-related performance measures or described a process for how conflicts will be resolved either within DOD or between DOD and other government organizations. Moreover, while it may be true that alternative documents in the department may help it manage this effort, we believe that relying on numerous documents written by different organizations at different points in time underscores the lack of clarity in how the strategy is articulated and reduces the overall effectiveness of these management tools.

Key Challenges Contribute to Uncertain Strategy Outcomes, and No Routine, Comprehensive Mechanisms Exist to Report on Progress

Three significant challenges exist that contribute to the complexity and uncertain outcome of the overseas basing restructuring effort. DOD has taken some steps to address these challenges, but many actions are incomplete, and the department has not established a comprehensive, routine method of informing Congress of its progress in addressing these issues or the overall results of its efforts to implement the strategy. The three challenges include (1) determining how to adjust the global basing strategy as negotiations with host nations evolve; (2) accurately estimating the cost of implementing the strategy as DOD's plans evolve; and (3) assigning management and funding responsibilities for establishing and maintaining DOD's planned network of worldwide locations. These issues will continue to make the restructuring of overseas military posture a dynamic process and contribute to the uncertainty of the global posture strategy's end-state. Despite this uncertainty and the changing nature of DOD's global posture plans, DOD has not established a comprehensive and routine method of informing Congress of adjustments to its plans and estimated overall costs. Department officials we spoke with believe that current reporting mechanisms such as testimonies and briefings to Members of Congress are adequate in keeping Congress informed of their efforts and that no additional formal reporting mechanisms are needed. The Congress, however, has expressed concern over the information it receives on the global posture strategy and recently required DOD to provide additional information in several areas, such as the status of host-nation agreements and funding for critical infrastructure at new locations. These collective reporting requirements, however, do not provide a comprehensive and routine representation of the overall status of DOD's efforts. Without such information, Congress may not be fully informed and remain abreast of changes in military capabilities, relationships with U.S. partners and allies, and future financial requirements.

Complexity and Sensitivity of Host-Nation Negotiations Continue to Alter Planned Moves

One challenge in the implementation of DOD's global posture strategy relates to the need to adjust the pace and scope of DOD's announced restructuring as negotiations with host nations evolve. Before the United States can establish a U.S. presence in a host country, many complex and critical legal arrangements must be made between the two countries. The time it takes to finalize these agreements can vary from days or months to years; involves close coordination between DOD, the Department of State, and host nation governments; and frequently involves having the countries' legislative bodies formalize the agreements. The arrangements typically cover issues of interest to DOD, such as U.S. forces' access to training areas, U.S. forces' ability to conduct operations and deploy from the countries where they are located, and arrangements with the host

nations for sharing the costs of maintaining these locations. The types of provisions found in these legal arrangements include access/use provisions, status provisions, and general provisions on cooperation.

Many of the initiatives identified in the September 2004 Report to Congress have already been changed, are still being negotiated with the host countries, or have been put on hold until DOD can ascertain whether negotiations will allow U.S. forces the access they need. These changes sometimes involve significant political sensitivities and large amounts of investment by the United States and the host countries. If one of DOD's proposed initiatives must be changed, corresponding changes may need to be made to DOD's overall IGPBS plans to accommodate the new conditions. The classified version of this report provides specific examples that illustrate how sensitive DOD's overall IGPBS plans are to negotiations with individual host countries.

DOD's Estimate of Global Posture-Related Costs Is Uncertain and May Be Understated

Global Posture-Related Costs Were Estimated at \$9 Billion to \$12 Billion

In September 2004, DOD estimated one-time, nonrecurring costs to implement the global posture strategy at \$9 billion to \$12 billion over the fiscal year 2006-2011 future years defense program. However, significant cost uncertainties still remain, and the cost to implement the strategy may be understated. In some cases, host-nation negotiations have necessitated adjustments to initial plans and estimated costs. In other cases, the services did not prepare detailed cost estimates for the network of smaller operating locations because limited planning had been done at the time the estimates were submitted. Because the costs of implementing IGPBS may be higher than what is now reported, the services may be forced to make difficult funding tradeoffs when the actual costs are identified, or Congress may be required to allocate more resources to implement IGPBS than what are now expected.

In 2004, DOD estimated costs of \$9 billion to \$12 billion to implement its global posture strategy. DOD's estimate of the cost of implementing its global posture strategy was based on a cost methodology developed by the Office of the Director for Program Analysis and Evaluation. This office distributed the methodology to the services to use in estimating initial one-time nonrecurring global posture-related costs to the United States in the fiscal year 2006-2011 future years defense program. DOD grouped these costs into three categories: (1) costs related to vacating current facilities, such as the cost of environmental cleanup; (2) costs of transporting equipment, personnel, and families; and (3) costs related to the facilities that would be receiving personnel, including the construction of new facilities, the renovation of old facilities, and the establishment of new

leases. The methodology also sought to estimate savings from the closure or consolidation of facilities and operations. The estimate excludes burden-sharing contributions by host nations because cost-sharing agreements generally had not been completed when the report was issued in September 2004. An OSD official told us that the reported cost estimate of \$9 billion to \$12 billion represents a reasonable range of the projected costs. Further, the costs are dynamic and continually refined over time as better data becomes available. For example, OSD officials stated that since the September 2004 reported estimate, DOD has included recurring costs when they have been available. The new estimated costs reflect the difference between the current recurring costs and future recurring costs. OSD officials pointed out that, despite the cost estimate's evolution, it has continued to stay within the \$9 billion to \$12 billion range over the past 2 years. They also stated that, though the \$9 billion to \$12 billion was estimated to be spent during the years covered by the future years defense plan (2007-11), adjustments might require that global posture moves be paid for in years further into the future.

Negotiations with Host Nations Contribute to Cost Uncertainty

Negotiations between the United States and host nations contribute to cost uncertainty because they will determine, among other things, specific locations where U.S. forces will have a presence and the nature of that presence. This information is critical to developing detailed cost estimates. In addition, cost-sharing agreements will determine the financial responsibilities of host nations and the United States, which will also be critical to estimate accurately the cost of implementing the global posture strategy. Until negotiations between the United States and host nations are completed, there will be significant uncertainty with the reported estimates of IGPBS initiatives, and costs may be understated.¹⁵

The classified version of this report provides specific examples of cases in which host-nation negotiations may significantly alter the initially planned costs.

¹⁵ According to DOD officials, the amount of burden-sharing that the United States can expect varies widely by country and by type of operating location. Also, in countries where smaller operating sites are located, the United States will not be using military construction funds to build large-scale family support infrastructure.

Detailed Cost Estimates Not Prepared for the Network of Smaller Operating Locations

There is uncertainty regarding the estimated costs for the network of smaller operating locations¹⁶ partly due to limited planning at the time the estimate was reported in September 2004. For example, because precise estimates had not been developed for all cooperative security locations in the plan, DOD used a rough order of magnitude estimate in the \$9 billion to \$12 billion estimate to cover the cost of these locations. In addition, it is unclear what the comprehensive costs for all forward operating sites anticipated in the strategy will be.

Two factors primarily contributed to the limited planning for smaller operating locations and their cost estimates. First, senior DOD leadership had decided to first concentrate its planning efforts on initiatives that involved moving large numbers of forces around the world, such as returning the 1st Armored and 1st Infantry Divisions from Germany to the continental United States. Second, the services generally had not conducted site surveys, partly because negotiations with host nations were in the early stages and the services were often reluctant to fund low-use sites, according to an OSD official. Site surveys are critical to developing comprehensive cost estimates but depend on specialists' visiting and assessing the current state of facilities at given locations.

Management and Funding Challenges Exist with Establishing the Network of Operating Locations

The third challenge that creates uncertainty about the status of the global posture strategy involves difficulties DOD is encountering in establishing management and funding responsibilities and synchronizing service priorities as it develops its planned network of smaller operating locations. Specifically, although combatant commanders have developed a plan for assigning executive agent responsibilities for each of these locations to individual services, some services are reluctant to assume "host" status for these locations because of the potential funding responsibilities they may entail. The department has recognized that new funding mechanisms may be needed to overcome this issue and is examining alternative ways of addressing this issue. Similar challenges have arisen in cases where a service operates a base used jointly by other military services. The classified version of this report provides examples of challenges the services have encountered in managing and funding what are envisioned to be multiservice sites.

¹⁶ Forward operating sites are planned to be smaller but expandable sites that can support rotational forces, whereas cooperative security locations are planned to be small, rapidly expandable sites with little or no permanent U.S. presence.

In prior work, we have reported on long-standing challenges DOD has faced at military installations managed by one service but used by multiple services.¹⁷ For example, in late 2004, DOD formed a Senior Joint Basing Group to address installation management issues, such as problems involving support agreements where one service is a tenant on an installation operated by another service. A lack of common definitions among the services can lead to differing expectations for base operating support services, and it obscures a full understanding of the funding that is required for these support services. The working group planned to develop common definitions and DOD-wide standards, metrics, and reimbursement and costing rules for base operating services and programs of all military services. DOD completed a base operations assessment study in March 2005 and funded an extensive cross-department initiative to develop definitions for the common delivery of installation services.

Similarly, in recognition of funding issues at joint use bases, the Joint Governance Working Group of the 2005 Quadrennial Defense Review Committee is responsible for developing alternatives for prioritizing and funding joint projects¹⁸ desired by the combatant commanders. One option envisions that the Deputy Secretary of Defense will have the authority to assign “executive agency” or “host” status for joint locations to the military services. Any military construction projects for these locations would be vetted through a Joint Infrastructure Working Group that will qualify and accept the projects, validate the project plans, prioritize the projects, and recommend funding levels. It is envisioned that a joint funding mechanism would be used to fund these projects either directly or on a reimbursable basis. Officials initially hoped that a process for assigning responsibility for managing overseas operating sites that benefit more than one service would be finalized during the Quadrennial Defense Review. However, the *Quadrennial Defense Review Report* issued in February 2006 did not identify a solution, and the issue is still unresolved. As a result, it is not

¹⁷ GAO, *Defense Infrastructure: Issues Need to Be Addressed in Managing and Funding Base Operations and Facilities Support*, GAO-05-556 (Washington, D.C.: June 15, 2005).

¹⁸ In this context, “joint” is applied when combatant commanders have an interest in the project for the good of the joint force, but no single service has a major interest. “Joint” projects traditionally fare poorly under standard service rating schemes for determining funding priority because they do not directly support the service’s daily activities. Projects eligible for being considered “joint” include joint command headquarters buildings, some en route infrastructure (generally overseas), and designated joint forward operating sites and cooperative security locations.

clear whether or how the services will plan for costs associated with these sites in preparing upcoming budget submissions.

No Routine, Comprehensive Mechanism Exists to Report on Progress Toward Achieving Strategy Goals

Reliable and timely information on the full costs, activities, and outputs of federal programs is important to Congress and the Secretary of Defense in making decisions about allocating resources, authorizing and modifying programs, and evaluating program performance. In some cases, DOD has established mechanisms to provide routine reporting on program status and performance information for large-scale, complex efforts. For example, DOD determined that a new initiative to improve stability operations capabilities was important enough to require, among other things, a semiannual report to the Secretary of Defense that includes identifying performance metrics and evaluating progress made in achieving the stated policy goals.¹⁹ This type of reporting mechanism can provide the Secretary of Defense with timely information to shape decisions about authorizing and modifying programs and evaluating program performance.

In contrast, DOD has a more fragmented approach to provide Congress with information on selected aspects of the global posture restructuring effort. In June 2004, the Under Secretary of Defense for Policy testified before the House Armed Services Committee on the Integrated Global Posture and Basing Strategy, preceding the president's announcement of the strategy. This testimony was followed by the September 2004 Report to Congress – *Strengthening U.S. Global Defense Posture*. The Secretary of Defense, the Chairman of the Joint Chiefs of Staff, and commanders of the regional commands have also testified before some congressional committees. In commenting on a draft of this report, DOD stated that it had provided “over 40 briefings to the Hill” on its global basing strategy. According to OSD/Strategy officials, the department believes that these existing reporting mechanisms provide Congress with sufficient information on the status of the restructuring effort.

However, the Senate Committee on Appropriations has expressed concern about the use of military construction budget authority and has directed

¹⁹ In a November 2005 Directive, DOD identified stability operations as a core U.S. mission that is to be given priority comparable to combat operations and specifically addressed and integrated across all DOD activities. DOD defines stability operations as “military and civilian activities conducted across the spectrum from peace to conflict to establish or maintain order in States and regions.”

DOD to provide information on various aspects of the global posture strategy. The Senate report to the fiscal year 2004 military construction appropriations bill²⁰ required those plans to identify precise facility requirements and the status of properties being returned to host nations. The report also states that the plan should identify funding requirements as well as the division of funding responsibilities between the United States and cognizant host nations. The Senate report directed us to monitor the master plans developed and implemented for the overseas regional commands and to provide congressional defense committees with annual assessment reports. Additionally, the House conference report accompanying the fiscal year 2004 military construction appropriation bill²¹ directed DOD to prepare comprehensive master plans for overseas military infrastructure and provide them with its fiscal year 2006 budget submission with yearly updates on the status of those plans and their implementation with annual military construction budget submissions through fiscal year 2009.

In addition, the Commission on Review of Overseas Military Facility Structure of the United States was created by Congress in the Military Construction Appropriations Act of 2004 and was required to report on its findings, conclusions, and recommendations for legislation by August 15, 2005.²² The Commission provided Congress with a report that contained several conclusions.²³ For example, the Commission stated that Congress should provide more rigorous oversight (including hearings) of the global basing process, given the scope and impact of DOD's rebasing plans. Particular attention, the Commission believed, should be paid to the timing, synchronization, and cost of all the related efforts. The Commission was also concerned about the costs associated with IGPBS and whether budgetary forecasts had adequately addressed the investments that will be required to meet the implementation timelines set for fiscal years 2006-2011. Furthermore, the Commission expressed great concern on quality-of-life issues and their ultimate impact on DOD's ability to maintain a volunteer force. For example, the Commission stated that

²⁰ S. Rep. No. 108-82, at 13-14 (2003).

²¹ H.R. Conf. Rep. No 108-342, at 17 (2003).

²² Military Construction Appropriations Act, 2004, Pub. L. No. 108-132, § 128 (as amended by Pub. L. No. 108-324, § 127 (2004)).

²³ Commission on Review of Overseas Military Facility Structure of the United States, Report to the President of the United States, August 15, 2005.

DOD should further analyze what the impact would be on a volunteer force of frequently lengthy peacetime rotations abroad.

Also, the National Defense Authorization Act for Fiscal Year 2006 directs the Secretary of Defense to submit a report on specified global basing issues by no later than March 30, 2006.²⁴ The Act states that the Secretary of Defense, in consultation with the Chairman of the Joint Chiefs of Staff, shall develop criteria for assessing, with respect to three kinds of facilities²⁵ to be located in a foreign country, several factors,²⁶ as well as develop a mechanism for analyzing overseas basing alternatives, incorporating factors (1) through (5) referenced in footnote 26. The act also directs the Secretary of Defense to submit to congressional defense committees, not later than 30 days after an agreement is made, a written notification of agreements with a foreign country to support the deployment of elements of U.S. forces in that country.

We believe that the current reporting requirements, while providing Congress with significant information on some aspects of the global posture strategy, do not provide a periodic mechanism through which DOD's progress in achieving the overall goals and objectives of the strategy can be reported. For example, none of the reporting requirements addresses the extent to which DOD will achieve its strategic goals, such as expanding allied roles, providing service members with more time at home, developing greater operational flexibility, or developing rapidly deployable capabilities. In addition, DOD's master plans provide annual

²⁴ National Defense Authorization Act for Fiscal Year 2006, Pub. L. No. 109-163, § 1233 (2006).

²⁵ These facilities are main operating bases, forward operating sites, and cooperative security locations.

²⁶ Factors these criteria should address include (1) the effect of any new basing arrangement on DOD's strategic mobility requirements, (2) the ability of U.S. forces deployed to overseas locations in areas to which forces have not traditionally been deployed to meet mobility response times required by operational plans, (3) the cost of deploying units overseas to the locations required in (2) on a rotational basis, (4) the strategic benefit of rotational deployments through countries with which the United States is developing a close or new security relationship, (5) whether the relative speed and complexity of conducting negotiations in a particular country is a discriminator in the decision to deploy U.S. forces in a country, (6) the appropriateness and availability of funding mechanisms for the establishment, operation, and sustainment of specific facilities referenced in footnote 25, (7) the effect of proposed unaccompanied deployments of new units to new facilities in overseas locations on quality of life, and (8) other criteria as the Secretary of Defense determines appropriate.

information on expected military construction costs, but none of the reports provides Congress with complete and up-to-date information on the total costs to implement the global restructuring, including operations and maintenance costs. Further, the National Defense Authorization Act for Fiscal Year 2006 only provides for a one-time report to the Congress on aspects of the plan, written notification of host-nation agreements once they are concluded, and information regarding the funding sources for the establishment, operation, and sustainment of the main operating bases, forward operating sites, and cooperative security locations as an element of the annual budget request. As a result, Congress will not have a clear understanding of the extent to which global posture objectives are being achieved or whether resources are being efficiently and effectively applied.

Conclusions

Restructuring the U.S. military presence overseas is a complex and dynamic process that will require a significant investment in resources, time, and commitment by military and civilian leaders. The goals of this effort—a repositioning of U.S. military forces to enhance warfighting capabilities, quality of life for service men and women, and alliances with host nations while reducing overall costs to the American taxpayer—are important to the successful execution of the Global War on Terror and the transformation of the Department of Defense. Accomplishing these goals efficiently and effectively will require a comprehensive strategy, periodic review and evaluation of progress, and a mechanism to communicate program status to key decision makers and Congress. To its credit, the department has recognized the importance and need to change the overseas military presence and has begun to articulate a strategy to achieve this goal, but we have highlighted key characteristics of effective strategies that the department has not fully addressed. For example, the department has not established results-oriented performance measures and therefore is not in a position to demonstrate whether the actions it takes to change overseas presence are in fact achieving its goals in the most efficient and effective manner.

The challenges DOD faces in implementing this strategy, as discussed in this report, add to the uncertainty of the costs and potential outcomes of DOD's efforts, and current reporting mechanisms will not give Congress routine and comprehensive information to facilitate effective oversight. DOD is challenged to develop complete and accurate cost estimates because ongoing negotiations with host nations will significantly influence the planned moves and burden-sharing between the United States and host nations. The challenges the department faces in establishing operating

locations that may be jointly used by more than one service, yet funded by a single service through the traditional budget process, are delaying the establishment of these locations, which are the backbone of the new strategy. These and other uncertainties, while understandable considering the magnitude and complexity of the changes underway, present a significant challenge to the Department of Defense to effectively manage. Similarly, Congress is presented with the challenge of conducting oversight responsibilities and allocating resources over the long term with incomplete information, while the program matures and more refined estimates of cost, operational capabilities, and other aspects of overseas presence are developed. Without a routine reporting mechanism that can clearly communicate the extent to which these uncertainties exist and, more importantly when they are resolved, Congress may not have the information it needs as it evaluates and prioritizes these requirements with other aspects of government operations.

Recommendations for Executive Action

To facilitate DOD's management and implementation of its global basing strategy and to establish a clear and routine method of informing Congress of significant changes to the strategy and progress in achieving its goals, we recommend that the Secretary of Defense take the following five actions:

- Develop an updated strategy document that includes the six characteristics of an effective national strategy as discussed in this report, including performance measures and metrics for assessing progress in achieving stated goals.
- Summarize the status of host-nation negotiations and annually update DOD's global basing strategy to reflect changes resulting from these negotiations.
- Periodically update DOD's estimate of the total cost to implement the global basing strategy and identify the extent to which these costs are included in DOD's future years defense program.
- Establish a process to prioritize, assign management responsibility for, and fund the network of operating locations DOD is planning.
- Develop a periodic reporting process that summarizes to Congress the above information, includes progress in achieving performance goals, and complements but does not duplicate information contained in DOD's annual comprehensive master plans for overseas military infrastructure.

Matter for Congressional Consideration

The Congress should consider requiring that DOD report annually on the status and costs of its plans to implement global basing initiatives to ensure that it has more comprehensive and routine information to guide it in overseeing this important effort. Congress may wish to require that DOD include in such a report all the elements of an effective national strategy—such as performance metrics—as well as the status of host-nation negotiations, the evolving costs of global posture initiatives, and a process for assigning management responsibility for operating and funding the locations DOD is planning in its worldwide network of sites.

Agency Comments and Our Evaluation

In written comments on a draft of this report, DOD partially agreed with our five recommendations. (DOD's comments appear in their entirety in app. III of this report.) However, the department did not describe what actions, if any, it plans to take to implement our recommendations. Because DOD's response is vague and ambiguous in describing its planned actions, we have added a matter for congressional consideration that the Congress require DOD to report annually on its global posture strategy, costs, and implementation.

In overall comments on the report, DOD pointed out that the information we present represents snapshots at different points in time on the status of negotiations, cost estimates, and force posture changes. As we discuss in the report, this information has been in constant flux since it was summarized in DOD's Report to Congress in September 2004. To clarify the report, we have added additional dates to our discussions of changes to the global posture strategy. DOD also stated that it did not believe that "creating new formal processes for decision-making and assessment" was called for in implementing its global posture strategy. In our recommendations, we are not suggesting that DOD create new formal processes for decision making and assessment. We are recommending that DOD add a formal and regular reporting requirement to communicate to Congress on the implementation of DOD's global posture strategy so that Congress will be kept more fully informed.

Regarding our recommendation that DOD develop an updated strategy document that contains all six characteristics of an effective national strategy, DOD agreed that the strategy framework we suggested may serve as a helpful tool for the future. However, it stated that it is unnecessary to update its global posture strategy at this point in time. DOD also stated that its September 2004 Report to Congress was not intended to serve as a formal, comprehensive management mechanism for posture changes. We continue to believe that developing a comprehensive, single, consolidated

strategy document with all six characteristics of an effective national strategy would be useful for DOD in managing the complex, long-term effort that its global posture strategy represents. At present, some elements of such a management tool are contained in different, isolated documents, and other elements of an effective strategy are not articulated at all. We believe that such a comprehensive, consolidated strategy document will not only allow DOD to more effectively manage its future implementation of the strategy but also could become a basis for satisfying the periodic reporting process we are recommending in this report.

In response to our second recommendation—that DOD summarize the status of host-nation negotiations and annually update its global strategy to reflect changes resulting from these negotiations—DOD believes that its current reporting requirements on host-nation agreements after they have been signed are sufficient. DOD also states that changes are reported in combatant commanders' master plans and in service implementation plans. We agree that DOD is not currently required to report to Congress on the status of host-nation agreements until after they have been entered into. However, we believe that Congress should be kept apprised of the status of host-nation negotiations as they evolve because the resulting agreements could involve significant commitments of U.S. resources to other countries and have foreign policy implications. We acknowledge that combatant commanders' master plans include information on planned military construction for many global basing initiatives, but the master plans do not contain detailed information on the status of host-nation negotiations before or after they occur. In fact, in a prior report,²⁷ GAO recommended that the department provide more detailed information on the status of host-nation negotiations to Congress in the comprehensive overseas master plans. DOD did not agree with that recommendation, stating that they did not believe the master plans were the appropriate vehicle in which to report this information. Further, the services' implementation plans do not contain a complete listing of all global posture initiatives, and these plans are not routinely provided to Congress.

In response to our third recommendation—that DOD periodically update its estimate of the total cost to implement the global posture strategy and report this information to Congress—DOD states that it plans to “internally update and keep Congress informed of estimated programmed costs.” As we state in our report, DOD’s current method of informing

²⁷ GAO-05-680R.

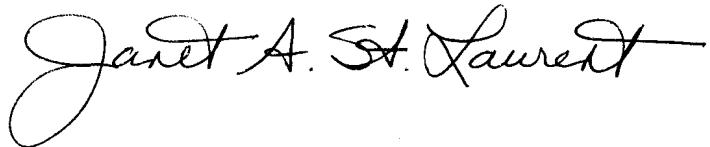
Congress of global posture costs is not comprehensive or routine. At present, DOD reports annually to Congress on some of the military construction costs of global posture initiatives. Also, once, in September 2004, DOD reported its estimated cost of the entire global basing effort. However, as we discuss in this report, DOD has no routine, comprehensive method of keeping Congress informed of changes to its cost estimates as they evolve over time, and DOD's global posture restructuring effort will take place over several years to come and will compete with other government initiatives for resources. DOD and Congress will need accurate information on the costs of its overseas basing initiatives so that they can make informed decisions about spending future budget dollars.

In responding to our recommendation that DOD establish a process to prioritize, assign management responsibility for, and fund the network of operating locations DOD is planning, DOD states that the department has cited this need in its recently issued *Quadrennial Defense Review Report* and that establishing this process should be synchronized with existing execution processes in the department. As we state in our report, the *Quadrennial Defense Review Report* cited joint funding issues as an area that required further study. In that report, DOD states that it is implementing a Joint Task Assignment Process that will centrally assign and oversee joint management arrangements. However, the report does not state how this process will work or how it will be applied to assigning management responsibilities to the services for jointly used overseas locations. We agree that any effort to establish such a process should be synchronized with existing processes in the department.

In response to our fifth recommendation—that DOD develop a periodic reporting process that summarizes to Congress comprehensive information on DOD's global posture strategy and its costs—DOD agrees that keeping Congress informed of posture changes is important. However, DOD believes that its current informal processes of briefing and testifying before Congress when Congress requests such information are sufficient. We disagree. As we state in our report, we believe that the current methods do not provide Congress with the regular and comprehensive information on DOD's global posture strategy that would enable Congress to fully perform its oversight functions. In March 2006, DOD provided Congress a briefing on changes in its planned overseas posture and cost estimates. However, this briefing was developed in response to a requirement in the National Defense Authorization Act and is intended to be a one-time report. We continue to believe that DOD should be required to report annually to Congress comprehensive information on the implementation of DOD's global posture strategy.

because this initiative will entail significant investments on the part of the United States, will involve fundamental changes in our relationships with U.S. allies, and will take place over an extended period of time.

If you or your staff have any questions about this report, please contact me at (202) 512-4402 or e-mail me at stlaurentj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff members who made key contributions to this report are listed in appendix IV.

A handwritten signature in black ink, appearing to read "Janet A. St. Laurent".

Janet St. Laurent
Director, Defense Capabilities and Management

Appendix I: GAO's Identification of the Six Characteristics of an Effective National Strategy

In a prior report, we identified what we consider to be six desirable characteristics of an effective national strategy that would enable its implementers to effectively shape policies, programs, priorities, resource allocations, and standards and that would enable federal departments and other stakeholders to achieve the identified results.¹ To develop the six desirable characteristics of an effective national strategy, we reviewed several sources of information. First, we gathered statutory requirements pertaining to national strategies as well as legislative and executive branch guidance. We also consulted the Government Performance and Results Act of 1993, general literature on strategic planning and performance, and guidance from the Office of Management and Budget on the President's Management Agenda. In addition, we studied its past reports and testimonies for findings and recommendations pertaining to desirable elements of a national strategy. Simultaneously, we consulted widely within GAO to incorporate the most up-to-date thinking on strategic planning, integration across and between the government and its partners, implementation, and other related subjects.

We used our judgment to develop desirable characteristics based on their underlying support in legislative or executive guidance and the frequency with which they were cited in other sources. We then grouped similar items together in a logical sequence, from conception to implementation. This was GAO's first effort to develop desirable characteristics for an effective national strategy, so they may evolve over time. The desirable characteristics are the following:

- Purpose, scope, and methodology: This characteristic addresses why the strategy was produced, the scope of its coverage, and the process by which it was developed. For example, a strategy might discuss the specific impetus that led to its being written (or updated), such as statutory requirements, executive mandates, or other events. Furthermore, a strategy would enhance clarity by including definitions of key, relevant terms. In addition to describing what it is meant to do and the major functions, mission areas, or activities it covers, a national strategy would ideally address its methodology. For example, a strategy might discuss the principles or theories that guided its development, what organizations or offices drafted the document, whether it was the result of a working group, or which parties were consulted in its development. A complete description of purpose, scope, and methodology would make the

¹ GAO-04-408T.

document more useful to the organizations responsible for implementing the strategy as well as to oversight organizations, such as Congress.

- **Problem definition and risk assessment:** This characteristic addresses the particular national problems and threats the strategy is directed toward. Specifically, this means a detailed discussion or definition of the problems the strategy intends to address, their causes, and operating environment. In addition, this characteristic entails a risk assessment, including an analysis of threats to, and vulnerabilities of, critical assets and operations. If the details of these analyses are classified or preliminary, an unclassified version of the strategy could at least include a broad description of analyses and stress the importance of risk assessment to the implementing parties. A discussion of the quality of data available regarding this characteristic, such as known constraints or deficiencies, would also be useful. More specific information on both problem definition and risk assessment would give the responsible parties better guidance to implement those strategies. Better problem definition and risk assessment also provide greater latitude to responsible parties to develop innovative approaches that are tailored to the needs of specific regions or sections and can be implemented as a practical matter, given fiscal, human capital, and other limitations. Such assessments help identify desired goals and end-states without one-size-fits-all solutions.
- **Goals, subordinate objectives, activities, and performance measures:** This characteristic addresses what the national strategy strives to achieve and the steps needed to garner those results, as well as the priorities, milestones, and performance measures to gauge results. At the highest level, this could be a description of an ideal “end-state,” followed by a logical hierarchy of major goals, subordinate objectives, and specific activities to achieve results. In addition, it would be helpful if the strategy discussed the importance of implementing parties’ efforts to establish priorities, milestones, and performance measures, which help ensure accountability. Ideally, a national strategy would set clear desired results and priorities, specific milestones, and outcome-related performance measures while giving implementing parties the flexibility to pursue and achieve those results within a reasonable timeframe. If significant limitations on performance measures exist, other parts of the strategy might address plans to obtain better data or measurements, such as national standards or indicators of preparedness.² Elements of this characteristic provide a baseline set of performance goals and measures upon which to assess and improve global posture. A better identification

² For more information on the importance of national indicators for measuring problems, see GAO, *Forum on Key National Indicators: Assessing the Nation's Position and Progress*, GAO-03-672SP (Washington, D.C.: May 2003).

of priorities, milestones, and performance measures would aid implementing parties in achieving results in specific time frames and would enable more effective oversight and accountability.

- **Resources, investments, and risk management:** This characteristic addresses what the strategy will cost, the sources and types of resources and investments needed, and where those resources and investments should be targeted. Ideally, a strategy would also identify appropriate mechanisms to allocate resources, such as grants, in-kind services, and loans, based on identified needs. Alternatively, a strategy might identify appropriate “tools of government,” such as regulations, tax incentives, and standards, to mandate or stimulate federal organizations to use their unique resources. In addition, a national strategy might elaborate on the risk assessment mentioned earlier and give guidance to implementing parties to manage their resources and investments accordingly—and begin to address the difficult but critical issues about who pays and how such efforts will be funded and sustained in the future. Furthermore, a strategy might include a discussion of the type of resources required, such as budgetary, human capital, information technology, research and development, procurement of equipment, or contract services. Finally, a national strategy might also discuss in greater detail how risk management will aid implementing parties in prioritizing and allocating resources, including how this approach will weigh costs and benefits. Guidance on resource, investment, and risk management would help implementing parties allocate resources and investments according to priorities and constraints, track costs and performance, and shift such investments and resources as appropriate. Such guidance would also assist Congress and the administration in developing more effective federal programs to stimulate desired investments, enhance oversight, and leverage finite resources.
- **Organizational roles, responsibilities, and coordination:** This characteristic addresses what organizations will implement the strategy, their roles and responsibilities, and mechanisms for coordinating their efforts. It helps to answer the fundamental question of who is in charge, not only during times of crisis, but also during all phases of DOD activities. This characteristic entails identifying the specific federal departments, agencies, or offices involved, and where appropriate, the different sectors, such as state, local, private, or international sectors. A strategy would ideally clarify implementing organizations’ relationships in terms of leading, supporting, and partnering.³ In addition, a strategy should describe the organizations that will provide the overall framework for

³ By partnering, we refer to shared, or joint, responsibilities among implementing parties where there is otherwise no clear or established hierarchy of lead and support functions.

accountability and oversight, such as the National Security Council, the Office of Management and Budget, Congress, and other organizations. Furthermore, a strategy might also identify specific processes for coordination and collaboration between sectors and organizations—and address how conflicts would be resolved. These elements would be useful to agencies and other stakeholders in fostering coordination and clarifying specific roles, particularly where there is overlap, and thus enhancing both implementation and accountability.

- **Integration:** This characteristic addresses how a national strategy relates to other strategies' goals, objectives, and activities (horizontal integration) and how the strategy relates to subordinate levels of government and other organizations and their plans to implement the strategy (vertical integration). For example, a national strategy could discuss how its scope complements, expands upon, or overlaps other national strategies. Similarly, related strategies could highlight their common or shared goals, subordinate objectives, and activities. In addition, a national strategy could address its relationship with relevant documents from implementing organizations, such as the strategic plans, annual performance plans, or the annual performance reports that the Government Performance and Results Act of 1993 requires of federal agencies. A strategy might also discuss, as appropriate, various strategies and plans produced by the state, local, private, or international sectors. A strategy could also provide guidance such as the development of national standards to link together more effectively the roles, responsibilities, and capabilities of the implementing parties. More information on this characteristic would build on the identified organizational roles and responsibilities—and thus further clarify the relationships between various implementing parties, both vertically and horizontally. This identification would in turn foster effective implementation and accountability.

Table 4 provides the desirable characteristics and examples of their elements.

Appendix I: GAO's Identification of the Six Characteristics of an Effective National Strategy

Table 4: Desirable Characteristics of an Effective National Strategy

Desirable characteristic	Description	Examples of elements
Purpose, scope, and methodology	Addresses why the strategy was produced, the scope of its coverage, and the process by which it was developed.	<ul style="list-style-type: none"> • Statement of broad or narrow purpose, as appropriate. • How it compares and contrasts with other national strategies. • What major functions, mission areas, or activities it covers. • Principles or theories that guided its development. • Impetus for strategy, e.g., statutory requirement or event. • Process to produce strategy, e.g., interagency task force. • Definition of key terms.
Problem definition and risk assessment	Addresses the particular national problems and threats the strategy is directed toward.	<ul style="list-style-type: none"> • Discussion or definition of problems, their causes, and operating environment. • Risk assessment, including an analysis of threats and vulnerabilities. • Quality of data available, e.g., constraints, deficiencies, and “unknowns.”
Goals, subordinate objectives, activities, and performance measures	Addresses what the strategy is trying to achieve, steps to achieve those results, as well as the priorities, milestones, and performance measures to gauge results.	<ul style="list-style-type: none"> • Overall results desired, i.e., “end-state.” • Hierarchy of strategic goals and subordinate objectives. • Priorities, milestones, and outcome-related performance measures. • Specific performance measures. • Process for monitoring and reporting on progress. • Limitations of progress indicators.
Resources, investments, and risk management	Addresses what the strategy will cost, the sources and types of resources and investments needed, and where resources and investments should be targeted by balancing risk reductions and costs.	<ul style="list-style-type: none"> • Resources and investment associated with the strategy. • Types of resources required, such as budgetary, human capital, information technology, and research and development. • Sources of resources, e.g., federal, state, local, and private. • Economic principles, such as balancing benefits and costs. • Resource allocation mechanisms, such as grants, in-kind services, loans, or user fees. • “Tools of government,” e.g., mandates or incentives to spur action. • Importance of fiscal discipline. • Linkage to other resource documents, e.g., the federal budget. • Risk management principles.
Organizational roles, responsibilities, and coordination	Addresses who will be implementing the strategy, what their roles will be compared to others, and mechanisms for them to coordinate their efforts.	<ul style="list-style-type: none"> • Roles and responsibilities of specific federal agencies, departments, or offices. • Roles and responsibilities of federal, local, private, and international sectors. • Lead, support, and partner roles and responsibilities. • Accountability and oversight framework. • Potential changes to current organizational structure. • Specific processes for coordination and collaboration. • How conflicts will be resolved.

Appendix I: GAO's Identification of the Six Characteristics of an Effective National Strategy

Desirable characteristic	Description	Examples of elements
Integration	Addresses how a national strategy relates to other strategies' goals, objectives, and activities.	<ul style="list-style-type: none">• Integration with other national strategies (horizontal).• Integration with relevant documents from implementing organizations (vertical).• Details on specific federal, state, local, or private strategies and plans.

Source: GAO.

Notes: See [GAO-04-408T](#). Our prior work identified the sixth characteristic as "integration and implementation." For the purposes of this report, we decided not to evaluate the extent to which the four principal strategy documents addressed "implementation" because our second reporting objective addresses challenges associated with implementation in more detail.

Appendix II: Scope and Methodology

To determine the extent to which DOD's IGPBS contains all the desirable characteristics of an effective national strategy, we evaluated the content of each of the four principal global posture strategy documents identified by OSD officials using six desirable characteristics of effective national strategies developed by GAO in prior work.¹ According to officials from the Office of the Secretary of Defense, DOD's articulation of its IGPBS strategy is contained in the following four principal documents:

- the *Quadrennial Defense Review* (September 2001) and its *Terms of Reference* (June 2001);
- the *National Security Strategy of the United States* (September 2002);
- *Strengthening U.S. Global Posture, Report to Congress* (September 2004); and
- *National Defense Strategy of the United States of America* (March 2005).

We evaluated the content of each of the four principal global posture strategy documents identified by OSD officials using our six desirable characteristics of an effective national strategy. We developed a checklist based on our criteria, which enabled us to apply the criteria to the relevant documents. The team pretested the checklist to verify its relevance and the team's ability to apply the checklist to the information contained in the documents. Two readers independently assessed a selected strategy document to pretest the checklist. The team concluded that the checklist was relevant and appropriate for assessing the principal global posture documents.

Next, we independently read through each strategy document to apply our characteristics and record the results on separate checklists. We gave each of the elements a rating from one of three potential scores: "addresses," "partially addresses," or "does not address." According to our methodology, a strategy "addresses" a characteristic when it explicitly cites all elements of a characteristic, even if it lacks specificity and details and thus could be improved upon. Within our designation of "partially addresses," there is a wide variation between a strategy that addresses most of the elements of a characteristic and a strategy that addresses few of the elements of a characteristic. A strategy "does not address" a characteristic when it does not explicitly cite or discuss any elements of that characteristic and/or any implicit references are either too vague or too general to be useful. The analysts' ratings were the same in 67 percent

¹ GAO-04-408T.

of the cases. The two analysts then met to discuss similarities and resolve differences in their respective checklist analyses. On the basis of those discussions, both analysts developed consolidated, final checklists for each of the four principal IGPBS documents. Because we examined four principal strategy documents and each document may not contain all of the elements, we decided to rate the strategy element as “addresses” if one of the documents provided sufficient information. For example, if the *Quadrennial Defense Review*, the *National Security Strategy*, and the Report to Congress are all rated as “does not address” in a particular element, but the *National Defense Strategy* is rated “addresses” for the same element, then the overall rating for DOD is “addresses.” We assessed the reliability of the data used in this report and determined that it was sufficiently reliable for our purposes.

To identify key challenges that could affect DOD’s implementation of its strategy, we examined global posture strategy plans, programs, cost estimates, and other documentation obtained from the geographic combatant commands, service headquarters, the Office of the Secretary of Defense, State Department Headquarters, and U.S. embassies in six countries. Specifically, we identified the status of the proposed and ongoing initiatives associated with DOD’s overseas posture strategy by reviewing DOD’s September 2004 Report to Congress, *Strengthening U.S. Global Defense Posture*; various congressional testimonies; implementation plans of combatant commands; and briefings by service components and OSD.

To understand the challenges associated with host-nation negotiations, we obtained documentation of various types of legal arrangements to be negotiated with host countries, information papers, briefings, and legal analyses of international agreements that affect IGPBS prepared by OSD, U.S. European, Pacific, Central, and Southern Commands, and the military services’ 2004 and 2005 implementation plans.

To examine cost and funding issues related to implementation, we reviewed OSD/Program Analysis and Evaluation estimates that supported costs reported in the September 2004 Report to Congress – *Strengthening U.S. Global Defense Posture*; the military service’s 2004 and 2005 implementation plans; the February 2005 comprehensive master plans prepared by the U.S. European, Pacific, and Central Commands; the European Command’s *Strategic Theater Transformation Strategy*, January 2005; and the Pacific Command’s *Operationalizing the Asia-Pacific Defense Strategy 2003 and 2005*. We also reviewed prior GAO work related to DOD’s overseas master plans. Further, we discussed

DOD's cost-estimating methodology with knowledgeable officials at the Office of the Director, Program Analysis and Evaluation.

To identify challenges in establishing a worldwide network of operating locations, we obtained briefings that included information on joint infrastructure funding, proposed assignments of executive agency responsibilities for new locations, and U.S. European and Pacific Command implementation plans for IGPBS. We also reviewed legislation relating to the funding of DOD infrastructure, as well as prior GAO reports on the subject.² In addition, we visited selected cooperative security locations and spoke with officials concerning implementation issues.

To identify the mechanisms DOD has in place to inform Congress of its efforts to overcome these challenges and report on overall progress in achieving the strategy's goals, we reviewed congressional testimony, multiple briefings conducted for congressional Members and their staffs, and reports produced as a result of legislative requirements. Specifically, we examined existing reporting requirements in the National Defense Authorization Act for Fiscal Year 2006, the House conference report accompanying the fiscal year 2004 military construction appropriation bill, the Senate report on the fiscal year 2004 military construction appropriation bill report, the 2005 report by the Commission on Review of Overseas Military Facility Structure of the United States, and prior GAO reports on overseas military infrastructure. We assessed the reliability of the data used in this report and determined that it was sufficiently reliable for our purposes.

To obtain the information described above, we contacted officials at the following organizations:

- Pentagon.
- DOD's Office of the Deputy Assistant Secretary of Defense for Strategy and Office of the Director, Program Analysis and Evaluation.
- The Joint Staff (J-5 and J-8).
- Service headquarters: Army Headquarters, Office of the Deputy Chief of Staff for Operations and Plans; Marine Corps Headquarters, Plans, Policies, and Operations Department/Plans and Strategy Division; Navy Headquarters, Office of the Deputy Chief of Naval Operations for Plans, Policy, and Operations/Strategy and Policy; Air Force Headquarters, Office

² H.R. Conf. Rep. No 108-342 (2003); S. Rep. No. 108-82, at 13-14 (2003); [GAO-05-556](#); and [GAO-05-680R](#).

of the Deputy Chief of Staff for Plans and Programs, Combat Support and Analysis.

- U.S. European Command Headquarters; U.S. Army, Europe; Special Operations Command, Europe; U.S. Air Forces, Europe; and U.S. Naval Forces, Europe.
- U.S. Pacific Command Headquarters; U.S. Marine Forces, Pacific; U.S. Pacific Air Forces; U.S. Army Forces, Pacific; U.S. Pacific Fleet; U.S. Special Operations Forces, Pacific; U.S. Eighth Army, Korea; U.S. Forces Korea.
- U.S. Special Operations Command Headquarters.
- U.S. Transportation Command.
- State Department Headquarters and U.S. Embassies in Bulgaria, Italy, Japan, Singapore, South Korea, and Thailand.
- U.S. Southern Command Headquarters.
- U.S. Central Command Headquarters.

We conducted our review from November 2004 through January 2006 in accordance with generally accepted government auditing standards.

Appendix III: Comments from the Department of Defense

PRINCIPAL DEPUTY UNDER SECRETARY
OF DEFENSE
2100 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-2100

POLICY

Ms. Janet A. St. Laurent
Director
Defense Capabilities and Management
U.S. General Accountability Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Ms. St. Laurent:

(U) The Department of Defense appreciates the GAO's assessment of U.S. global defense posture realignment and the opportunity to comment on its draft report entitled "DEFENSE MANAGEMENT: Comprehensive Strategy and Periodic Reporting are Needed to Gauge Progress and Costs of DoD's Global Posture Restructuring," dated March 10, 2006 (GAO Code 350766/GAO-06-486C).

(U) The Department is encouraged that the GAO focused its assessment on implementation of global defense posture changes, and that the assessment recognizes the complex, multidimensional nature of this important effort. The Department is concerned, however, that the assessment is hampered in places by the use of information that represented snapshots at different points in time on the status of negotiations, cost estimates, and force posture changes. The GAO's assessment would be strengthened by clearer documentation of dates and sources to more accurately reflect the temporal nature of global defense posture's rolling decision-making process.

(U) The Department remains concerned with the GAO's view of how major initiatives should be executed. The success of global defense posture has been due to the Department's basic approach of centralizing planning for the major initiative and decentralized execution by the Combatant Commands and Services through existing Departmental planning, programming, budgeting, and execution processes – not by creating new formal processes for decision-making and assessment. This approach provides the Department's senior leadership with maximum flexibility to synchronize our posture changes with other major Departmental initiatives (e.g., execution of GWOT and DoD and Service transformation).

(U) With respect to GAO's five recommendations, the Department responds as follows:

(U) Updated strategy document. DoD partially concurs with the recommendation to "develop an updated strategy document... including performance measures and metrics for assessing progress in achieving stated goals." GAO's recommended strategy *framework*, with some modification, may serve as a helpful implementation tool in the future, but it does not necessitate updating the global defense posture strategy. That strategy, outlined in the September 2004 Report to Congress, was not intended to serve as a formal, comprehensive management mechanism for posture changes. For example, performance metrics, while critical to assessing progress, would more logically fit in an implementation plan, not a broad strategy document.



(U) Host-nation negotiations. DoD partially concurs with the recommendation to “summarize the status of host-nation negotiations and annually update DoD’s global basing strategy to reflect changes resulting from these negotiations.” There are mechanisms in place to update Congress on defense-related international agreements, and the Department feels that additional reporting requirements would be redundant. Public Law 109-163 requires that DoD inform the Defense Committees of USG defense agreements within 30 days of signature, and 1 USC 112(b) requires that the State Department inform Congress of all international agreements. Additionally, the negotiations process generally should not change the fundamental global posture strategy – e.g., building allied roles, developing flexibility to contend with uncertainty – but often may lead to adjustments to posture plans. DoD reflects these changes by updating Combatant Command Master Plans and internal Service implementation plans.

(U) DoD’s cost estimate. DoD partially concurs with the recommendation to “periodically update DoD’s estimate of the total cost to implement the global posture strategy and identify the extent to which these costs are included in DoD’s future years defense program.” The Department will continue to internally update and keep Congress informed of estimated programmed costs of global posture. Importantly, over time such cost estimates will reflect the evolving set of global posture changes, as some initial proposals are inevitably modified or dropped, while others are added. Additionally, resources tied to some posture changes may be the same funds used for Service transformation or BRAC funding.

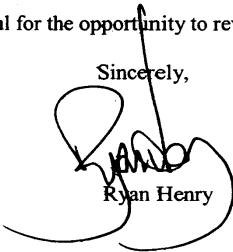
(U) In response to GAO’s assertion that the posture strategy does not have an articulated cost component, the Department notes that posture changes are subject to the same resource constraints as any other Departmental initiative. The Department assumes no increase in the top-line of DoD’s budget for posture changes, and thus has built-in incentive to carefully assess the value-to-cost ratio of posture plans because they compete for the same resources as other Departmental programs.

(U) Funding process. DoD partially concurs with the recommendation to “establish a process to prioritize, assign management responsibility for, and fund the network of operating locations DoD is planning.” The Department, as part of the recent QDR, cited the need for establishing a process to assign and oversee Service responsibilities for administering establishment of facilities in posture plans, and more broadly for funding infrastructure that is jointly operated. Again, this effort should be synchronized with existing execution processes in the Department.

(U) Congressional reporting. DoD partially concurs with the recommendation to “develop a periodic reporting process that summarizes to Congress the above information.” The Department views as essential the continuous dialogue with congressional members and staff it began when the posture strategy was formulated and will continue providing timely and tailored updates as posture changes evolve.

(U) Again, DoD is grateful for the opportunity to review the GAO’s report on this important matter.

Sincerely,



Ryan Henry

Appendix IV: GAO Contact and Staff Acknowledgments

GAO Contact

Janet St. Laurent, (202) 512-4402 or s laurentj@gao.gov

Acknowledgments

In addition to the contact named above, Robert Repasky, Assistant Director; Kelly Baumgartner; Kenneth Daniell; Susan Ditto; Kate Lenane; Guy Lofaro; Charles Perdue; Maria-Alaina Rambus; Terry Richardson; and Beverly Schladt made key contributions to this report.

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